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Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)



August 2, 2024

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 Listing: Tokyo Stock Exchange
 Securities code: 6809
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 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2024	10,979	9.3	(91)	–	104	(38.7)	(112)	–
June 30, 2023	10,042	10.5	(114)	–	169	–	(63)	–

Note: Comprehensive income For the three months ended June 30, 2024: ¥1,075 million [(10.7)%
 For the three months ended June 30, 2023: ¥1,204 million [10.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	(3.75)	–
June 30, 2023	(1.96)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	64,028	49,508	73.0
March 31, 2024	64,734	49,239	72.0

Reference: Equity

As of June 30, 2024: ¥46,758 million
 As of March 31, 2024: ¥46,583 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		20.00	–	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of the dividends for the fiscal year ended March 31, 2024: Stable dividend ¥40

Dividends for the fiscal year ending March 31, 2025 (Forecast) will be determined by taking into account the performances on stable dividend of ¥40, aiming at a consolidated dividend payout ratio of 45%, as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” on May 2, 2024.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	52,000	6.5	3,700	22.2	3,900	5.1	2,400	20.1	79.85

Note: Revisions to the consolidated financial results forecasts most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	34,136,635 shares
As of March 31, 2024	34,136,635 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2024	4,080,321 shares
As of March 31, 2024	4,080,281 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	30,056,337 shares
Three months ended June 30, 2023	32,165,980 shares

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * Proper use of earnings forecasts, and other special matters

- Forecasts presented herein are the current prospects based on information currently available and contain elements of uncertainty. Actual results may therefore differ from the forecasts due to subsequent changes in the circumstances.
- The supplementary material on financial results is scheduled to be posted on our website.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Period Under Review

During the three months ended June 30, 2024, in the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”), an increasing appetite for capital investment, an improvement in labor and income environment and other factors have led to a trend of recovery in the business economy in Japan. However, remaining high prices of raw materials and the effects of inflation, geopolitical risks caused by the unstable international situation, as well as rapid fluctuations in foreign exchange markets and other factors mean that the outlook for the global economy continues to be uncertain.

In such an environment, in order to achieve “Smiles for the Public,” which is our corporate value, we have set forth our management vision targeting 2030, “Dr. Sound—becoming a professional organization that improves sound in society.” We aim to create the value of reassurance, reliability, and emotion as a reliable partner that realizes, along with our customers, a cycle of identifying, solving, and improving social issues through the continuous provision of good experiences through sound that customers choose.

During the three months ended June 30, 2024, we collaborated with multiple local government entities and conducted demonstration test projects by using AI-equipped cameras installed together with speakers. In demonstration test projects on sidewalks, bicycles being ridden on the sidewalks were detected using AI, and messages encouraging the riders to ride safely were automatically broadcast. Furthermore, in demonstration test projects in busy areas, the number of persons within the area visible by a camera was counted using AI, and if the number of persons present exceeded a certain threshold, a sound was broadcast indicating that touting to attract customers was prohibited. Through these demonstration test projects, we will proceed with examining use methodologies for digital technology with the aim of contributing to the promotion of safe, secure and comfortable urban development.

In these circumstances, net sales during the three months ended June 30, 2024 were ¥10,979 million (up ¥937 million, or 9.3%, year on year). In terms of profits, operating expenses increased but operating profit was negative ¥91 million (up ¥22 million year on year), and due to a decrease in foreign exchange gains, ordinary profit was ¥104 million (down ¥65 million, or 38.7%, year on year), and profit attributable to owners of parent was negative ¥112 million (down ¥49 million year on year).

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥5,630 million (up ¥859 million, or 18.0%, year on year), and segment profit (operating profit) was ¥567 million (up ¥74 million, or 15.2%, year on year).

Sales of products for the transport market, such as roads and railways, for factories and for the educational market grew, causing net sales for the entire segment and segment profit to rise.

(Asia & Pacific)

Net sales amounted to ¥2,937 million (up ¥290 million, or 11.0%, year on year), and segment profit (operating profit) was ¥581 million (up ¥25 million, or 4.7%, year on year).

In Indonesia, sales to the religious market were solid as a result of efforts to capture demand related to Ramadan. In addition, progress was made on deliveries to large-scale urban development projects in Vietnam and the railways, educational market and commercial facilities in Thailand. As a result of those and other factors, net sales for the entire segment increased, and segment profit rose.

(Europe, Middle East & Africa)

Net sales amounted to ¥1,377 million (down ¥96 million, or 6.5%, year on year), and segment profit (operating profit) to ¥63 million (down ¥83 million, or 56.9%, year on year).

Although progress was made on deliveries to sports facilities in Africa, bad weather caused construction delays in Germany and Austria. These and other factors caused net sales for the entire segment and segment profit to decrease.

(The Americas)

Net sales amounted to ¥634 million (down ¥17 million, or 2.7%, year on year), and segment profit (operating profit) to ¥31 million (down ¥23 million, or 42.8%, year on year).

Sales declined for deliveries to small retail stores in the United States and for the educational market in Canada. As a result of those and other factors, net sales for the entire segment and segment profit decreased.

(China & East Asia)

Net sales amounted to ¥399 million (down ¥98 million, or 19.8%, year on year), and segment profit (operating profit) to ¥2 million (down ¥44 million, or 94.2%, year on year).

Sales increased in Hong Kong due to progress made on deliveries to government agencies, etc., while sales in China were sluggish due to stagnant market conditions associated with a slump in the real estate market. As a result of those and other factors, net sales for the entire segment and segment profit decreased.

(2) Overview of Financial Position for the Period Under Review

Total assets at the end of the three months ended June 30, 2024 decreased ¥706 million from the end of the previous fiscal year to ¥64,028 million. Assets decreased due mainly to decreases in cash and deposits and trade receivables, despite increases in inventories and investment securities, etc. Liabilities and net assets decreased due mainly to a decline in retained earnings mainly resulting from the payment of dividends and a decline in accounts payable - other and trade payables, despite an increase in foreign currency translation adjustment, etc.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

The financial results forecast for the fiscal year ending March 31, 2025 has not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024.”

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	16,350	15,623
Notes and accounts receivable - trade, and contract assets	10,476	8,942
Merchandise and finished goods	8,937	9,783
Work in process	789	876
Raw materials and supplies	5,126	5,220
Other	1,048	1,425
Allowance for doubtful accounts	(95)	(85)
Total current assets	42,633	41,786
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,933	5,888
Other	4,714	4,752
Total property, plant and equipment	10,648	10,640
Intangible assets	1,669	1,642
Investments and other assets		
Investment securities	8,170	8,286
Other	1,614	1,672
Allowance for doubtful accounts	(0)	-
Total investments and other assets	9,784	9,959
Total non-current assets	22,101	22,242
Total assets	64,734	64,028

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,554	3,233
Short-term borrowings	1,836	1,788
Income taxes payable	579	281
Provisions	271	161
Other	3,336	3,009
Total current liabilities	9,578	8,475
Non-current liabilities		
Retirement benefit liability	3,089	3,152
Other	2,827	2,891
Total non-current liabilities	5,917	6,044
Total liabilities	15,495	14,519
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,048	5,048
Retained earnings	32,863	32,149
Treasury shares	(3,679)	(3,679)
Total shareholders' equity	39,512	38,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,807	4,887
Foreign currency translation adjustment	2,321	3,127
Remeasurements of defined benefit plans	(58)	(55)
Total accumulated other comprehensive income	7,070	7,959
Non-controlling interests	2,655	2,750
Total net assets	49,239	49,508
Total liabilities and net assets	64,734	64,028

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	10,042	10,979
Cost of sales	5,973	6,587
Gross profit	4,069	4,392
Selling, general and administrative expenses	4,183	4,484
Operating loss	(114)	(91)
Non-operating income		
Interest income	13	36
Dividend income	63	69
Foreign exchange gains	201	100
Share of profit of entities accounted for using equity method	1	-
Other	34	22
Total non-operating income	313	228
Non-operating expenses		
Interest expenses	22	23
Share of loss of entities accounted for using equity method	-	1
Other	5	8
Total non-operating expenses	28	32
Ordinary profit	169	104
Profit before income taxes	169	104
Income taxes	145	142
Profit (loss)	23	(38)
Profit attributable to non-controlling interests	87	74
Loss attributable to owners of parent	(63)	(112)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	23	(38)
Other comprehensive income		
Valuation difference on available-for-sale securities	729	80
Foreign currency translation adjustment	449	1,030
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Remeasurements of defined benefit plans, net of tax	0	2
Total other comprehensive income	1,180	1,113
Comprehensive income	1,204	1,075
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	805	776
Comprehensive income attributable to non-controlling interests	399	299

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Notes on accounting policies specific to the preparation of quarterly consolidated financial statements)

Calculation of tax expense

The Company calculates tax expense by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to profit before income taxes for the current fiscal year.

(Notes on change in accounting policy)

(Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Application Guidance of 2022”). There is no impact on quarterly consolidated financial statements as a result of this change in accounting policy.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Application Guidance of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. There is no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year as a result of this change in accounting policy.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	¥386 million	¥400 million
Amortization of goodwill	¥10 million	¥11 million

(Notes on segment information, etc.)**[Segment information]****I. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)****Information on net sales and profit (loss) by reportable segment**

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Statements of Income (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	4,770	2,646	1,473	652	498	10,042	–	10,042
Inter-segment net sales or transfers	1,361	31	7	6	4	1,411	(1,411)	–
Total	6,132	2,678	1,481	659	502	11,453	(1,411)	10,042
Segment profit	493	555	146	54	46	1,296	(1,410)	(114)

- (Notes) 1. The adjustment for segment profit of negative ¥1,410 million includes elimination of inter-segment transactions of negative ¥37 million and corporate expenses in the amount of negative ¥1,373 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the headquarters divisions which are not attributable to a reportable segment.
2. Segment profit has been adjusted with operating loss in quarterly consolidated statements of income.

II. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)**Information on net sales and profit (loss) by reportable segment**

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Statements of Income (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	5,630	2,937	1,377	634	399	10,979	–	10,979
Inter-segment net sales or transfers	1,193	27	3	4	7	1,236	(1,236)	–
Total	6,823	2,964	1,380	639	407	12,216	(1,236)	10,979
Segment profit	567	581	63	31	2	1,246	(1,338)	(91)

- (Notes) 1. The adjustment for segment profit of negative ¥1,338 million includes elimination of inter-segment transactions of ¥66 million and corporate expenses in the amount of negative ¥1,404 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the headquarters divisions which are not attributable to a reportable segment.
2. Segment profit has been adjusted with operating loss in quarterly consolidated statements of income.